

DOCUMENTS

RELATING TO THE

DEMAND OF THE PROVINCE OF QUEBEC

FOR A

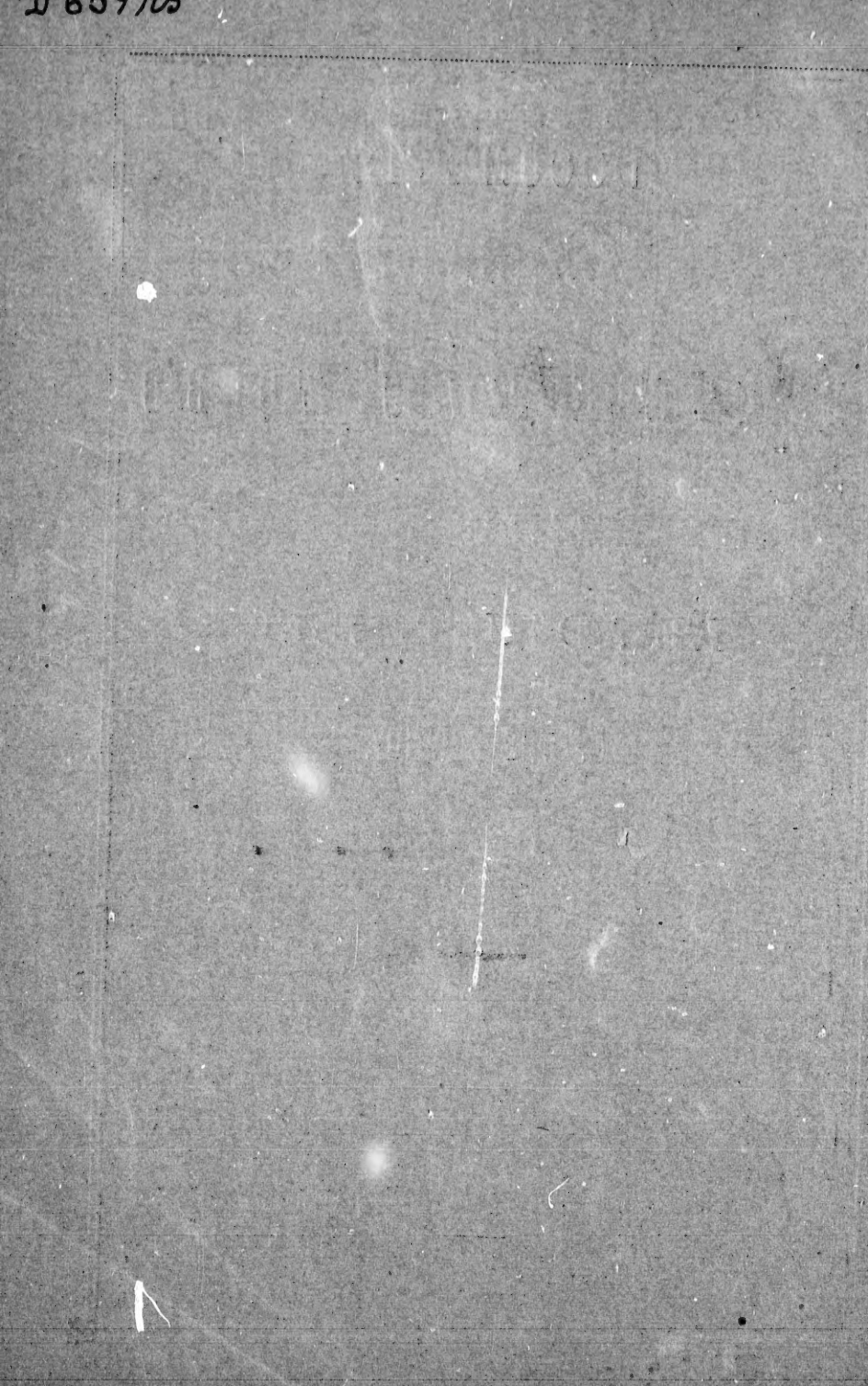
RE-ADJUSTMENT

OF THE SUBSIDY.

QUEBEC:

PRINTED AT THE "MORNING CHRONICLE" OFFICE.

1883.



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~~CONFIDENTIAL~~
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EXTRACTS FROM THE BUDGET SPEECH

OF THE

PROVINCIAL TREASURER OF QUEBEC,

DELIVERED on the 16th FEBRUARY, 1883.

.....

PRESENT FINANCIAL POSITION.

The receipts of the province from the 1st July, 1867, to the 30th June, 1882, have been \$33,594,297.40, and the expenditure during the same period \$33,968,413.06, giving an excess of \$374,115.66 in the expenditure over receipts.

But during these fifteen years very considerable sums have been paid out of the ordinary receipts for services which do not strictly relate to ordinary expenditure.

For instance there have been paid amongst others the following sums :—

Colonization	\$1,408,782 32
Immigration	387,806 12
Cadastrés.....	619,229 11
Construction of Public Buildings.....	823,071 69
Construction of Court Houses and Gaols..	440,174 41
Total.....	<u>\$3,679,063 65</u>

The amount paid for these services exceeds the deficit by \$3,304,947.99.

During the past eight fiscal years, that is to say, since the first of July, 1874, the Province has also paid out of ordinary receipts the sum of \$4,328,995.73 for interest and sinking fund.

There has been paid up to the 30th June last for railway subsidies \$2,410,441.54, and for the construction of the Government railway \$12,534,830.44, making in all \$14,945,271.92. The four loans effected up to the latter date with \$43,221.94 arising from insurances and the sale of materials have given as net proceeds, the sum of \$14,572,892.07. Thus the Consolidated Railway Fund shows an excess in expenditure of \$372,379.85.

By adding to this expenditure for railways the interest and sinking fund which we have paid during the same period, say \$4,328,995.73, we have a total expenditure for this object of \$19,274,267.65. This a very heavy sum, but even if it be so, the development of the country, which is due to the construction of our railways, has been of such great advantage to the inhabitants of the Province that no one can regret the expenditure.

.....

The deficit in the Consolidated Railway Fund was, on the 30th June last, as I have already stated, \$372,379.85. In order to ascertain the actual deficit we must add to this amount the disbursements made since the latter date for the construction of the Government railway and for railway subsidies, the sum due Mr. McGreevy under the arbitrators' award made some months ago, the amount remaining unpaid for the lands purchased for the railway, certain unsettled claims for construction expenses and, finally, the balance of the railway subsidies which have been voted.

The following table shows in detail how the deficit is made up :—

1. Deficit on 30th June, 1882.....	\$ 372,379 85
2. Disbursements for railway construction from 1st July to 31st December, 1882, after deduction of \$56,146.20 paid by the Canadian Pacific R. R. Co., &c.....	492,878 96
3. Railway subsidies paid during the same period	31,840 00
4. Arbitrators' award in favor of Mr. Mc- Greevy, after deducting one-half the cost of arbitration.....	139,952 42
5. Balance of the price of the lands purchased for the railway.....	199,625 59
6. Claims for construction estimated at.....	45,000 00
7. Balance of railway subsidies.....	1,725,757 45
	\$3,007,434 27

.....

The floating debt of the Province is made up of the deficit which existed on the 30th of June last in the Consolidated Revenue Fund, of the deficit I have just mentioned in the Consolidated Railway Fund and the estimated cost of the construction of the Parliament Buildings, as follows :—

1. Deficit on 30th June, 1880, in Consolidated Revenue Fund.....	\$ 374,115 66
2. Deficit in Consolidated Railway Fund.....	3,007,434 27
3. Estimated cost of Parliament Building.....	300,000 00
	\$3,681,549 93

This amount represents the liabilities of the Government outside of the first four loans of the Consolidated debt, for the settlement of which the loan authorized last year is intended.

.....

CONSOLIDATED DEBT.

The consolidated debt of the Province amounted, on the 31st December, 1882, to a sum of \$15,964,876.67, made up as follows :—

1. Loan of 1874—Balance	\$ 3,625,666 67
2. Do. 1876— do.	4,059,773 33
3. Do. 1878	3,000,000 00
4. Do. 1880—Balance	4,168,786 67
Balance of the first four loans.....	\$14,854,226 67
5. Loan of 1882—Amount paid in.....	1,110,650 00
	<u>\$15,964,876 67</u>

Against this debt we have the net proceeds of the sale of the railway, say \$7,600,000, leaving a balance of \$8,364,876.67.

When we add to this balance the sum of \$3,425.00 paid since 31st December, 1882, on the loan of 1882, the portion not paid in and the unissued half of the same loan, making \$1,889,350.00, and also the proposed addition of \$500,000, the balance of the consolidated debt will amount to \$10,754,226.67.

.....

LIABILITIES OF THE PROVINCE.

The liabilities of the Province on the 31st December, 1883, were made up of the following items:—

1. Balance of the consolidated debt.....	\$ 8,364,876 67
2. Temporary loan.....	600,600 00
3. Balance of Quebec Central deposit....	429,515 14
4. Price of land purchased for railway...	199,625 59
5. Balance of award in favor of Mr. McGreevy	139,952 42
6. Claims for work on railway.....	45,000 00
7. Balance of railway subsidies.....	1,725,757 45
8. Balance of estimated cost of Parliament Building	296,517 77
	\$11,801,245 04

Deducting.—

1. Proceeds of loan on hand on 31st Dec., 1882.....	\$ 459,069 44
2. Portion of loan temporarily used.....	67,858 59
3. Balance in Bank on 1st July, 1882, — \$379,172.78, less unpaid warrants—\$40,632.37.	338,540 41
	865,468 44
	\$10,935,776 60

By taking the balance of the first four loans, after deducting the net proceeds of the sale of the railway, and adding thereto the amount of the floating debt as shewn, we get the same result.

1. Balance of the first four loans.....	\$14,854,226 67
2. Less net proceeds of sale of railway...	7,600,000 00
Balance.....	\$ 7,254,226 67
3. Amount of the floating debt.....	3,681,549 93
	<u>\$10,935,776 60</u>

.....

STATEMENT FOR 1883-84.

We have now to examine the proposed expenditure for next year.

I estimate the probable expenditure as follows :—

I.—ORDINARY EXPENDITURE.

PUBLIC DEBT.

Interest.....	\$ 840,365 52
Sinking Fund.....	81,090 83
Management	6,426 96
	\$ 927,883 31

LEGISLATION.

Legislative Council :

Sessional allowances and travelling expenses.....	\$ 12,665 00
Salaries and Contingencies	16,073 00

Legislative Assembly :

Sessional allowances and travelling expenses	34,500 00
Salaries and Contingencies.....	65,017 00

Library	\$	3,000 00	
Elections		3,000 00	
Publication of the Debates of the Legislature.....		2,500 00	
Clerk of the Crown in Chancery		800 00	
Publication of the Statutes.....		4,500 00	
Law Clerk.....		3,700 00	
			\$ 145,755 00

CIVIL GOVERNMENT.

Salaries.....	\$	169,305 00	
Contingencies.....		47,600 00	
			\$ 216,905 00

ADMINISTRATION OF JUSTICE.

Salaries and Contingencies.....	\$	387,052 00	
Police Offices.....		16,200 00	
Reformatory Prisons.....		47,500 00	
Inspection of Public Offices.....		11,000 00	
			\$ 461,752 00

PUBLIC INSTRUCTION.

Superior Education....	\$	78,410 00	
Common Schools.....		160,000 00	
Schools in poor Municipalities.		6,000 00	
Normal Schools.....		42,000 00	
Inspection		29,670 00	
Pensions to teachers.....		8,000 00	
Books for prizes.....		4,500 00	
Schools for the Deaf and Dumb.		13,200 00	
Council of Public Instruction..		1,500 00	
Commercial College of Var- ennes		500 00	
Commercial Academy of St. Geneviève.....		250 00	

Journals of Public Instruction..	\$	1,250	00	
Aid towards rebuilding the				
College of Rimouski		2,000	00	
Do of Ste. Therèse.....		2,000	00	
Do of St. Francis		1,000	00	
				\$ 350,280 00

LITERARY AND SCIENTIFIC INSTITUTIONS.

Four Faculties of Medicine at				
Montreal.....	\$	3,000	00	
Societies at Montreal.....		2,350	00	
Societies at Quebec.....		3,350	00	
Publishing Law Reports.....		3,000	00	
“ Le Naturaliste Canadien ”....		400	00	
Transcribing Archives.....		5,000	00	
Preservation of Notarial Deeds				
and Public Documents at				
Sorel.....		500	00	
Institution for the production				
of Animal Vaccine at Mon-				
treál		300	00	
				\$ 17,900 00

ARTS AND MANUFACTURES.

Board of Arts and Manufac-				
tures				
				\$ 10,000 00

AGRICULTURE.

Agricultural Societies.....	\$	50,000	00	
Council of Agriculture.....		4,000	00	
Agricultural Journals.....		6,000	00	
Aid to “ La Gazette des Cam-				
pagnes ”.....		500	00	
Agricultural Schools.....		2,400	00	

Agricultural School at Varennes.....	\$	2,400 00	
Veterinary Schools.....		2,800 00	
Horticulture and Pomology.....		1,250 00	
Butter and Cheese Factories.....		4,200 00	
Beet Sugar Factories.....		10,500 00	
Miscellaneous.....		2,500 00	
		\$	86,550 00

IMMIGRATION AND REPATRIATION.

Salaries and Expenses.....	\$	12,000 00
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COLONIZATION.

Colonization Roads.....	\$	70,000 00	
Colonization Societies.....		5,000 00	
Bridge at Lacolle.....		2,000 00	
Bridge at St. Nicholas.....		2,000 00	
Bridge at Bryson.....		2,000 00	
Bridge at Ste. Anne.....		1,200 00	
		\$	82,200 00

PUBLIC WORKS AND BUILDINGS.

Rents, Repairs, &c.....	\$	58,315 00	
Inspection.....		3,000 00	
Spencer Wood, stables, &c....		5,000 00	
Vaults for Court Houses.....		5,000 00	
Repairs to Jacques Cartier Normal School.....		2,000 00	
Repairs to Court Houses and Jails		23,175 00	
Rents of Court Houses.....		1,407 00	
Insurance on Court Houses.....		400 00	
		\$	98,297 00

CHARITABLE INSTITUTIONS.

Lunatic Asylums.....	\$ 232,625 00	
Sundry Institutions.....	52,280 00	
Reformatory Schools	6,500 00	
Industrial Schools.....	11,500 00	
		\$ 302,905 00

MISCELLANEOUS EXPENDITURE.

Miscellaneous generally.....	\$ 20,000 00	
Mining Engineer.....	2,500 00	
Agent in France	2,500 00	
Commissioner of the Municipal Loan Fund.....	3,500 00	
Pensions.....	14,000 00	
Protection of forests against fire	5,000 00	
Exploration and inspection of Mines	3,000 00	
Preservation and rewooding of forests..	600 00	
Contribution to the Game Pro- tection Society for sowing wild rice.....	250 00	
		\$ 51,350 00

CHARGES ON REVENUE.

Cadastral Service.....	\$ 36,000 00	
Surveys	40,000 00	
General Expenditure for Crown Lands.....	77,450 00	
<i>Quebec Official Gazette</i>	12,900 00	
Revenue Police.....	3,000 00	
Stamps, Licenses, &c.....	15,000 00	
Municipalities Fund.....	3,000 00	
		\$ 187,350 00
Total Ordinary Expenditure.....		\$2,951,127 31

II.—EXTRAORDINARY EXPENDITURE.

BUILDINGS.

Parliament Buildings.....	\$150,000 00
Court House at Quebec.....	150,000 00
	\$ 300,000 00

RAILWAYS.

Guaranteed Interest for the Quebec Central	\$115,240 32
Railway construction claims.....	45,000 00
Purchase of lands..	199,625 59
Works at Quebec..	220,000 00
Subsidies.....	250,000 00
	\$829,865 91
Total Extraordinary Expenditure.....	\$1,129,865 91
Grand Total.....	<u><u>\$4,080,993 22</u></u>

.....

The building of the Quebec Court House will be provided for by the special loan authorized last year, and the works in connection with the North Shore Railway at Quebec will be paid with the debentures which the corporation of the City of Quebec has undertaken to deliver to the Government in settlement of its subscription. The other items of the extraordinary expenditure will be paid with a portion of the moneys arising from the loan authorized last year.

The estimated ordinary expenditure according to the figures I have just given amounts to the sum of \$2,951,127.31,

I will now show the House what are the estimated receipts by means of which I expect to meet it.

I estimate the receipts of the coming fiscal year as follows :—

I.—ORDINARY RECEIPTS.

SUBSIDIES AND TRUSTS.

Subsidy.....	\$ 889,252 80
Specific grant.....	70,000 00
Interest on Common School Fund	34,843 61
Interest on Superior Education Fund.....	20,615 71
	\$1,014,712 12

COMMON SCHOOL LANDS.

Interest payable by Ontario.....	\$ 25,000 00
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CROWN DOMAIN.

Sale of Lands, Timber Licenses, &c.....	\$ 750,000 00
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LICENSES.

Taverns, Shops, &c.....	\$ 260,000 00
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JUSTICE.

Law Stamps.....	\$ 170,000 00
Registration stamps.....	18,000 00
Fees.....	10,000 00
Building and Jury Fund.....	16,000 00
Contribution for maintenance of Prisoners	8,000 00
Montreal Reformatory School....	5,000 00
Gaol Guards.....	2,400 00
Fines.....	1,000 00
Montreal Court House.....	9,000 00
	\$ 239,400 00

PUBLIC OFFICERS.

Percentage on their fees.....	\$	5,000	00	
Percentage on renewals.....		1,000	00	
			\$	6,000 00

LEGISLATION.

Fees on Private Bills, &c.....	\$	5,000	00	
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OFFICIAL GAZETTE.

Advertisements, notices, &c.....		20,000	00	
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LUNATIC ASYLUMS.

Contribution from Municipali- ties.....	\$	15,000	00	
Payments by Patients.....		1,000	00	
			\$	16,000 00

PUBLIC BUILDINGS.

Rents, &c.....	\$	1,000	00	
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CASUAL REVENUE.

Commissions, copies, &c.....	\$	2,000	00	
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CONTRIBUTIONS FOR PENSIONS.

Contributions of the Civil Service employees..	\$	5,500	00	
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INTEREST.

Judicial and other Deposits.....	\$	15,000	00	
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DIRECT TAXES.

Commercial Corporations.....	\$	125,000	00	
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QUEBEC, MONTREAL, OTTAWA AND OCCIDENTAL RAILWAY.

North Shore Railway Company..\$	175,000 00
Canadian Pacific Railway.....\$	180,000 00
Interest upon the investment of the \$500,000 paid by the North Shore Railway Company.....\$	25,000 00
	\$ 380,000 00
Total ordinary receipts.....	\$2,864,612 12

II.—EXTRAORDINARY RECEIPTS.

QUEBEC FIRE LOAN.

Payments... ..	\$ 1,000 00
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REFUNDS.

Beauport Asylum.....\$	8,000 00
St. Jean de Dieu Asylum.....	6,000 00
	\$ 14,000 00

MUNICIPAL LOAN FUND.

Collections.....	\$ 75,000 00
Total extraordinary receipts.....	90,000 00
Grand total of the estimated receipts.....	\$2,954,612 12

.....

The information I have gathered has confirmed the estimate I had made of the sum to be realized by the direct taxes upon commercial corporations; I place the receipts from this source, in the revision I have made of the estimates, at \$125,000 instead of \$123,800.

The collection of these taxes has been vigorously contested, and the companies] that have been taxed have combined to resist it. The banks and insurance companies asked me to consent to submit the legality of the tax on a single test case, offering at the same time to deposit the amount of the tax in a bank to be chosen by them. I thought that it was not fitting for the Treasurer of the Province, who is responsible to the House for his acts, to enter into any agreement by which he would seem to throw a doubt upon the powers of the Legislature. I therefore proposed that these corporations should pay the taxes under protest, with the exception of one in each class. Against these, actions could have been taken in the ordinary course and without a written agreement, the decisions in which would necessarily regulate the pretensions of the corporations who had paid under protest. The corporations in question refused to pay—even under protest—into the hands of the Government, giving as a reason that they feared that they would not be reimbursed, and that they had no confidence in our governmental institutions. I felt this slur upon the good faith and honor of the Legislature, and I declined to continue the negotiations, to which I had at first consented with the view of saving them from the unpleasantness of judicial proceedings. The requirements of the service for the year necessitated the immediate collection of these taxes, and that steps be taken for that purpose. As it would not have been proper to make selections in instituting these proceedings, I consequently gave instructions to sue without distinction all who, after notice, persisted in their refusal to pay. The first case was heard in the beginning of this month, and the judgment will must probably be rendered in the course of the month of March.

Of these taxes there has been collected before the 1st January last, the sum of \$11,845.73, and since that date \$4,185, in all \$16,030.73.

I have no doubt as to the legality of the act imposing these taxes, and I am convinced that they will be collected. The opposition that I have met with in the collection will, however, delay their payment. To meet, in the meantime, the requirements of the present and of the next fiscal year, owing to the failure of this revenue, upon which I had a right to count, recourse, probably, may have to be had, under section 27 of the Treasury Department Act, to temporary loans to the amount of these uncollected taxes. As these taxes bear interest from the first of July last, recourse to these loans will not occasion any additional charge upon the revenue.

.....

INCREASE OF REVENUE.

The estimated revenue for the coming year amounts to \$2,954,612.12, and the estimated ordinary expenditure to \$2,951,127.21, which leaves a small surplus of \$3,484.81.

The situation is becoming critical.

In this state of things the slightest decrease in the revenue, arising from unforeseen causes or the slightest increase in the expenditure would cause a deficit. The bill which the House passed the other day defining the position and increasing the powers of the Provincial Auditor secures us against any increase, other than that which might result from an urgent contingency unforeseen by the Legislature. But even a small expense of this kind would destroy the equilibrium.

The amount of the railway subsidies payable to the railways, which will be earned, will also increase by degrees and in the near future, the annual interest upon the public debt. The gradual increase in the expenditure for the

administration of justice and for the support of lunatic asylums will every year become an additional burthen upon the revenue.

Under these circumstances it therefore becomes necessary to increase the revenue of the Province, and as soon as possible to take the necessary steps for that purpose.

I think the Provinces can in all justice and according to the spirit of the covenant upon which the Confederation is based, ask that their annual subsidy be increased.

Before Confederation the Provinces had the right to levy the moneys required for the public service by imposing customs and excise duties, and by all other modes or systems of taxation.

By the resolutions adopted by the delegates appointed to consider the scheme for uniting the Provinces under one Government and upon which the Union Act is founded, the power to levy Customs and Excise duties was taken from the local and conferred upon the general government.

This mode of levying was almost exclusively used for providing for administrative requirements, and the 64th resolution which granted the Provinces of Ontario and Quebec an annual subsidy of 80 cents per head of the population according to the census of 1861 declared that such subsidy was granted in consideration of the transfer to the Federal Parliament of this power of taxation.

Sir Alexander Galt, then Minister of Finance, when explaining, on behalf of the Government, the financial part of the Union Act, declared that these 80 cents per head were destined, with certain local revenues, to meet the expenses of the Local Governments, including especially the administration of justice and the support of hospitals and charit-

able institutions. He added that in transferring all the large sources of revenue to the general government it became evident that some portion of the resources so placed at its disposal had to be applied in some form or other, to supply the *hiatus* that would otherwise inevitably take place between the sources of local revenue and the demands of local expenditure.

It is true that by resolution 64 and also by section 118 of the Union Act it is declared that the Provinces should claim nothing more thereafter from the general government; yet such declaration was made, first because the subsidy was deemed sufficient to meet the expenditure, and also because it was hoped that this provision would oblige the Local Governments to control their expenses.

Sir Alexander Galt said: "It is hoped that, being in itself fixed and permanent in its character, the Local Governments will see the importance—I may say the necessity—of exercising a vigilant and proper control over the expenditure;"

Now, as a matter of fact, amongst the expenses specially imposed upon the Local Governments there are some which, as I have already stated, are not susceptible of control, and which necessarily increase in the same ratio as the population, such as the cost of the administration of justice and of the maintenance of lunatic asylums.

The administration of justice and the maintenance of lunatic asylums in the Province of Quebec, for the years 1868, 1871 and 1881, cost the following sums:—

	Justice.	Asylums.	Totals.
1868.....	\$322,236.24	\$97,946.53	\$420,182.77
1871.....	349,024.89	132,223.09	481,247.98
1881.....	437,490.56	213,828.20	651,318.76

This gives an increase in 1871 of \$61,065.21, and in 1881 of \$231,135.99.

If the subsidy were calculated upon the basis of each census, the subsidy to the Province of Quebec, for the three decades of 1861, 1871 and 1881, would be as follows:—

Years.	Population.	Subsidy.
1861.....	1,111,566	\$ 889,252.80
1871.....	1,191,516	953,212.80
1881.....	1,359,027	1,087,221.60

This would have given us an increase for the decade of 1871 of \$63,960 and for that of 1881 of \$197,968.80.

A comparison of such decennial increase of the subsidy with the increase in the expenditure for the administration of justice and the support of asylums, shows how this expenditure has followed the movement of the population. Here are the figures:—

Years.	Increase in Subsidy.	Increase in Expenditure.
1871.....	\$ 63,960.00	\$ 61,065.21
1881.....	197,968.90	231,135.99

The subsidy was specially given to meet, amongst other expenditures, those for the administration of justice and the support of lunatic asylums, and the figures I have just given establish that in calculating the subsidy upon the basis of the census for 1861, the end in view was not attained. In fact the expenditure in question increases almost in proportion to the population; and to meet it the subsidy should increase in the same proportion. While the Local Government cannot, by any supervision, control this expenditure, the Federal Government by its legislation respecting crimes and criminals and the great public works it undertakes, contributes to increase it.

To carry out the intention of the founders of the Confederation, it would consequently be necessary that the annual subsidy, instead of being limited according to the census of 1861, should be calculated for each decade upon the basis of the last census.

If the subsidy were so calculated, there would not be an increase, but a decrease in the share given to the provinces of the revenues transferred to the Federal Government.

In 1868, the revenue arising from customs and excise duties amounted to \$11,580,968.25, giving \$3.75 per head of the population of the Dominion; in 1871 these revenues amounted to \$16,137,049.28, giving \$4.63 per head; and 1881 they reached \$23,749,114.22 giving \$5.49 per head. If therefore the Federal Government paid to the Local Government 80 cents per head according to the census of 1881 it would only give $14\frac{1}{2}$ per cent of the receipts arising from these sources of revenue, whilst in 1868 it paid $21\frac{1}{2}$ per cent. I beg to submit a table showing these figures:—

		Population.	Amount per head.	Percentage.
1868.	Revenue.			
Customs.....	\$8,578,380 09			
Excise.....	3,002,588 16			
	\$11,580,968 25	3,090,561	\$3.75	21½
1871.				
Customs.....	\$11,841,104 56			
Excise.....	4,295,944 72			
	\$16,137,049 28	3,485,761	\$4.63	17½

1881.

Customs.....	\$18,406,092	13
Excise.....	5,343,022	09

\$23,749,114	22	4,324,810	\$5.49	14½
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For all these reasons the Government is of opinion that the Legislature of Quebec should ask that the annual subsidy be calculated for each decade, according to the new census, and that it should urge this upon the Federal Government.

The Government will, therefore, ask the House to vote an humble address to His Excellency the Governor-General, submitting our claim and praying him to lay it before Her Majesty's Privy Council for Canada.

The reasons in favor of our pretensions are such that we ought to succeed in our request, and all the more so that the large surplus of the Dominion Government removes all reason for their refusing it.

I do not here ask for better terms for the Province of Quebec than for the other Provinces. The same reasons exist on their behalf, and that which I ask should be given to all and not to our Province alone.

This increased subsidy would give annually to the provincial treasury an additional sum of about \$200,000 and would ensure the equilibrium of our finances.

ADDRESS

From the Legislative Assembly of the Province of Quebec
to His Excellency the Governor General of the Dominion of Canada, claiming a modification, to the effect
that the subsidy to this Province be calculated according to each preceding census.

TO HIS EXCELLENCY

The Right Honorable Sir John Douglas Sutherland Campbell, (commonly called the Marquis of Lorne,) Knight of the most ancient and most noble Order of the Thistle, Knight Grand Cross of the most distinguished Order of Saint Michael and Saint George, Governor General of Canada and Vice-Admiral of the same.

MAY IT PLEASE YOUR EXCELLENCY,

The loyal subjects of Her Majesty in the Legislative Assembly of the Province of Quebec assembled, deem it their duty humbly to represent :

That, before Confederation, the Provinces had the right to levy the moneys required for the public service, by imposing Customs and Excise duties, and by all other modes or systems of taxation ;

That by the resolutions adopted by the delegates appointed to consider the scheme of uniting the Provinces under one Government and upon which the Union Act is founded, the power to levy Customs and Excise duties was taken from the local and conferred upon the General Government ;

That the 64th resolution, which granted the Provinces an annual subsidy of eighty cents per head of the population according to the census of 1861, declared that such subsidy was granted in consideration of the transfer to the Federal Parliament of this power of taxation ;

That Sir Alexander Galt, then Minister of Finance, when explaining on behalf of the Government the financial part of the Union Act, declared that these eighty cents per head were destined, with certain local revenues, to meet the expenses of the Local Governments, including especially the administration of justice and the support of hospitals and charitable institutions, and that in transferring all the large sources of revenue to the General Government, it became evident that some portion of the resources so placed at its disposal had to be applied, in some form or other, to supply the *hiatus* that would otherwise take place between the sources of local revenue and the demands of local expenditure ;

That although it is true that by the 64th resolution and by section 118 of the Union Act, it is declared that the Provinces should claim nothing more thereafter from the General Government ; yet, such declaration was made, first, because the subsidy was deemed sufficient to meet the expenditure, and, also, because it was hoped that this provision would oblige the Local Governments to control their expenses, as shown by the following remarks of the then Minister of Finance : " It is hoped that being, in itself, fixed and permanent in its character, the Local Governments will see the importance,—I may say the necessity,—of exercising a vigilant and proper control over the expenditure ; "

That, as a matter of fact, amongst the expenses specially imposed upon the Local Governments, there are some which are not susceptible of control and which necessarily increase

in the same ratio as the population, such as the cost of the administration of justice and the maintenance of lunatic asylums ;

That the administration of justice and the maintenance of lunatic asylums in the Province of Quebec, for the fiscal years 1868, 1871 and 1881 cost the following sums :—

Years.	Justice.	Asylums.	Totals.
1868.....	\$322,236.24	\$ 97,946.53	\$420,182.77
1871.....	349,024.89	132,223.09	481,247.98
1881.....	437,490.56	213,828.20	651,318.76

Giving an increase in expenditure in 1871 of \$61,065.21, and in 1881 of \$231,135.99.

That if the subsidy were calculated upon the basis of each census, the subsidy to the Province of Quebec, for the three decades of 1861, 1871 and 1881, would be as follows :—

Years.	Population.	Subsidy.
1861.....	1,111,566	\$ 889,252.80
1871.....	1,191,516	953,212.80
1881.....	1,359,027	1,087,221.60

Being an increase for the decade of 1871 of \$63,900, and 1881 of \$197,968.80 ;

That a comparison of such decennial increase of the subsidy with the increase in the expenditure for the maintenance of justice and the support of asylums, shows how this expenditure has followed the movement of the population :

Years.	Increase in subsidy.	Increase in expenditure.
1871.....	\$ 63,960.00	\$ 61,065.21
1881.....	107,968.80	231,135.99

That the subsidy was specially given to meet, amongst other expenditures, those for the administration of justice and the support of lunatic asylums, and the above figures establish that, in calculating this subsidy upon the basis of the census for 1861, the end in view was not attained, inasmuch as the expenditure in question increases almost in proportion to the population; and to meet it the subsidy should increase in the same ratio; and while the Government of this Province cannot, by any supervision, control this expenditure, the Federal Government, by its legislation respecting crimes and criminals, and the great public works it undertakes, contributes to increase it;

That in order to carry out the intention of the founders of the Confederation, it would consequently be necessary that the annual subsidy, instead of being limited according to the census of 1861, should be calculated for each decade, upon the basis of the last census;

That if the subsidy were so calculated, there would not be an increase, but a decrease in the share given to the provinces out of the revenues transferred to the Federal Government.

That in 1868, the revenues arising from Customs and Excise duties amounted to \$11,580,968.25, giving \$3.75 per head of the population of the Dominion; in 1871, these revenues amounted to \$16,137,049.28, giving \$4.63 per head; and in 1881 they reached \$23,749,114.22, giving \$5.49 per head; therefore, if the Federal Government paid to the provinces 80 cents per head, according to the census of 1881 it would only give $14\frac{1}{2}$ per cent of the receipts arising from these sources of revenue, whilst in 1868, it paid $21\frac{1}{2}$ per cent, as appears by the following figures:

Years.	Revenue.	Population.	Amount per head.	Percentage.
1868.				
Customs.....	\$ 8,578,340 09			
Excise	3,002,588 16			
	\$11,580,968 25	3,090,561	\$3.75	21½
1871.				
Customs.....	\$11,841,104 56			
Excise	4,295,944 72			
	\$16,137,049 28	3,485,761	\$4.63	17¼
1881.				
Customs.....	\$18,406,092 13			
Excise	5,343,022 09			
	\$23,749,114 22	4,324,810	\$5.49	14½

That consequently the Legislative Assembly of Quebec, begs to approach Your Excellency and prays that you will be pleased to submit to Her Majesty's Privy Council for Canada the following humble petition, to wit: That the Honorable Privy Council will be pleased to recommend that the provisions of the British North America Act 1867 be amended, so that the annual subsidy paid to this Province by the Dominion Government be calculated for each decade according to the new census.

L. O. TAILLON,

Speaker.

Quebec, 29th March, 1883.

Memorandum Respecting the Claim of Quebec.

The estimated ordinary receipts of the Province of Quebec amount to \$2,864,612.00, and the receipts from the Quebec Fire Loan, reimbursement of loans to the Beauport and Longue Pointe Asylums, and the Municipal Loan Fund, being extraordinary receipts, are estimated for next year at \$90,000, making together \$2,954,612.

The ordinary expenditure, including the cost of criminal justice, amounts to \$2,951,127.

This gives a small surplus of \$3,485 for the ensuing fiscal year, but if the extraordinary receipts, amounting as above mentioned to \$90,000, are not taken into account there is a deficit of \$86,515.

No economy can be effected in the expenditure for the public debt. It would be impolitic to retrench on the expenditure for public instruction, arts and manufactures, agriculture and colonization. Some reduction in the expenditure can be effected for legislation, civil government, literary, scientific and benevolent institutions, and charges on revenue; but, on the other hand, the expenditure for the administration of justice, reformatory institutions and lunatic asylums will gradually increase from year to year.

As the companies now constructing railways become entitled to their subsidies, new issues of debentures will have to be made, which will increase the charge for interest. Within the next five or six years the charge for interest will be thus increased by at least \$75,000 a year.

It is true that the receipts from municipal contributions towards the support of lunatics and prisoners will gradually increase; but such increase in the revenue will not keep pace with the increase in the expenditure.

The Treasurer expects that the receipts, ordinary and extraordinary, will more than balance the expenditure for the next fiscal year; but the ordinary revenue is actually insufficient to meet the wants of the Provincial Government.

It therefore becomes necessary to increase the revenue of the Province.

When the Confederation of the Provinces was established, the right to levy Customs and Excise Duties was transferred to the Dominion Government, but at the same time a certain proportion of these duties were allowed to the Provinces, to enable them to meet the expenses of local government, and particularly the cost of the administration of justice and the maintenance of asylums and hospitals. This proportion was 80c. per head of the population, being in 1868 $21\frac{1}{2}$ per cent of the receipts from those sources.

In the Province of Quebec, justice and asylums cost in 1868, \$420,182; in 1871, \$481,247, and in 1881, \$651,318, being an increase in 1871 of \$61,065, and in 1881 of \$231,136.

In the Province of Ontario the expenditure for the administration of justice was \$182,621 in 1871, and \$251,119 in 1881, and the expenditure for the maintenance of public institutions, including asylums for lunatics and for the deaf and dumb and reformatory institutions, was \$171,423 in 1871, and \$551,663 in 1881.

The fact is that the expenditure under these two heads is uncontrollable, and follows closely the increase of the population.

The British North America Act declares that the subsidy of 80c. per head, payable to Ontario and Quebec, is to be calculated according to the census of 1861; but it stipulates that the subsidy of Nova Scotia and New Brunswick shall be calculated according to each subsequent decennial census until the population of each of these two Provinces shall have attained 400,000 souls. The subsidy payable to Manitoba, Prince Edward Island and British Columbia is also calculated on each subsequent decennial census until their population respectively shall have attained 400,000 souls.

As the expenditure of the Provinces of Quebec and Ontario for justice and asylums increases with the population, the subsidy of 80c. per head should be calculated as in the case of the other provinces according to each subsequent decennial census.

If this were done, the increase in the case of the Province of Quebec would be \$63,960 for the decade commencing in 1871, and \$197,968 for that commencing in 1881. The increase in each case follows approximately the increased expenditure for justice and asylums.

The percentage of the subsidy for all the provinces, if calculated on the basis of the last census, would be $14\frac{1}{2}$ per cent of the revenue derived from customs and excise, being 7 per cent less than the percentage of 1868.

The Province of Quebec has expended since Confederation the sum of \$14,945,271.92 for railways. Its funded debt has been created solely to meet this expenditure; and \$1,725,751.45 of the loan recently authorized is to provide for the payment of subsidies to railways now in course of construction.

The interest for the next fiscal year on the funded debt amounts to \$820,312.50 from which, however, is to be

deducted the sum of \$380,000.00, representing the interest on the price of the sale of the government railway, leaving a balance of \$440,312.50.

When in a short time all the money subsidies have been earned, the annual charge on the Provincial Budget for interest on the funded debt will amount to over \$500,000.

It will be observed from the foregoing statement, that the financial difficulties of Quebec result largely from the determination of that Province to aid in the development of enterprises, not only of a local character but of others of a nature calculated to increase the importance and utility of some of our national undertakings. Another large source of annual expenditure arises from the administration of criminal justice. The legislation regarding this subject is determined by the Parliament of Canada, and it does seem but fair and right, that some measure of relief should be afforded the Province in the payment of these expenses.

In the budget of the fiscal year commencing the first of July next, the following sums are included for services connected with the administration of criminal justice, viz:—

1st. Salaries and offices of the Judges of the Sessions of the peace and Police Magistrates at Quebec and Montreal.....	\$ 16,200
2nd. Reformatory Prisons at Montreal and Sherbrooke	47,500
3rd. Reformatory and Industrial Schools.....	18,000
4th. Crown Prosecutors.....	10,000
5th. Payments through Sheriffs for costs of Criminal Justice	175,000
6th. Coroners.....	9,100
7th. District Magistrates.....	12,600
	\$288,400

While acknowledging that the great expenditure made by the Dominion for railways has contributed largely to the advancement and prosperity of the whole country, nevertheless I feel constrained to assert that the Province of Quebec has derived less material advantages from this expenditure than any of the other provinces.

I feel less hesitation and more assurance in urging upon your attention the claims of the Province of Quebec from the fact that our Province has from the early days of Confederation, and invariably when the occasion required it, supported the Federal authorities in whatever concession it was deemed desirable to make to satisfy the other Provinces of the Confederation, and thus, while maintaining the local institutions of each Province, to ensure for all time to come on a sure and certain basis the preservation of the Federal principle.

The people of Quebec, by their representatives in Parliament, cordially and heartily gave their assent and united support to the propositions which were made to enable several of the Provinces to maintain their respective local governments; and in this the press of Quebec, reflecting public opinion there, endorsed the action so taken.

The time has now arrived in Quebec's history when an appeal for aid, in such form as the Federal Executive may in its wisdom determine, has to be made; and I doubt not that the representatives of the other Provinces in the Federal Council will lend a willing ear to the appeal now being made on behalf of the Province of Quebec for the maintenance of her local institutions.

J. A. MOUSSEAU.

Quebec, 24th April, 1883.